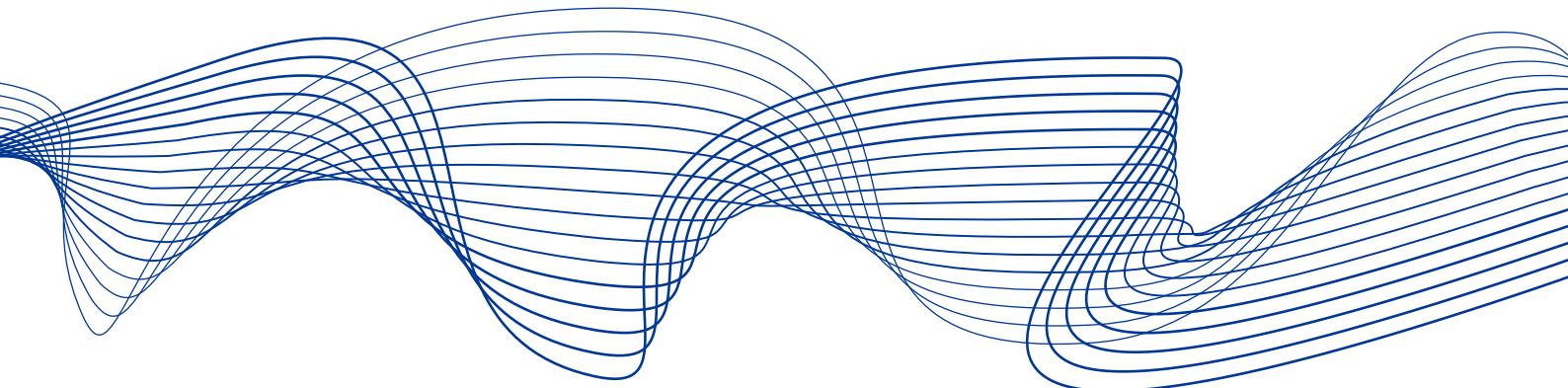


Summary Compliance Report

January 2026

Recommendation of the European Systemic Risk Board of 26 September 2019 on exchange and collection of information for macroprudential purposes on branches of credit institutions having their head office in another Member State or in a third country (ESRB/2019/18)



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1 Introduction

On 26 September 2019, the European Systemic Risk Board (ESRB) issued Recommendation ESRB/2019/18 on exchange and collection of information for macroprudential purposes on branches of credit institutions having their head office in another Member State or in a third country (“the Recommendation”). Recommendation ESRB/2019/18 is divided into three recommendations (A, B and C). This compliance report presents the outcome of the second assessment of compliance concerning the implementation of recommendation A and the first assessment of compliance concerning the implementation of recommendation B and recommendation C.

Recommendation A, addressed to the relevant authorities, concerns cooperation and the exchange of information on a need-to-know basis. It is recommended that the relevant authorities exchange the information considered necessary for the discharge of their tasks related to the adoption and/or activation of macroprudential policy measures or for other financial stability tasks, in an effective and efficient manner, as regards branches of credit institutions headquartered in other Member States or in third countries, upon receipt of a reasoned request aligned with European Banking Authority (EBA) guidelines. The information exchanged should be proportionate to the branches’ relevance to financial stability in the host Member State. Furthermore, recommendation A calls for the establishment of memoranda of understanding or other voluntary cooperation arrangements among authorities, including those from third countries, to facilitate the exchange of information where deemed necessary and appropriate by all parties involved.

According to Section 2(1)(h) of the Recommendation, relevant authorities are authorities entrusted with the adoption and/or activation of macroprudential policy measures or with other financial stability tasks. Such authorities include (i) designated authorities pursuant to Chapter 4 of Title VII of Directive 2013/36/EU (CRD)¹ or Article 458(1) of Regulation (EU) No 575/2013 (CRR)²; (ii) the European Central Bank (ECB) under Article 9(1) of Regulation (EU) No 1024/2013³; and (iii) macroprudential authorities with the objectives, arrangements, tasks, powers, instruments, accountability requirements and other characteristics set out in Recommendation ESRB/2011/3⁴. They also include competent authorities.

The relevant authorities were requested to deliver an interim report on the implementation of recommendation A to the ESRB and the Council by 31 December

¹ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

² Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

³ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

⁴ ESRB Recommendation of 22 December 2011 on the macro-prudential mandate of national authorities (ESRB/2011/3) (OJ C 41, 14.2.2012, p. 1).

2020 (for which a compliance report was published on 8 October 2021⁵), and to deliver a final report to the same entities by 31 December 2024, taking into account the potential changes to national and EU law and to the EBA guidelines.

The assessment presented in this report covers actions undertaken by the addressees between 1 January 2021 and 31 December 2024 (the deadline for submission), while exchanges prior to this period are already covered in the interim assessment mentioned above.

Recommendation B, addressed to the European Commission, concerns changes to the Union legal framework. By 31 December 2022, the Commission was requested to deliver to the ESRB and to the Council a report on the implementation of recommendation B. According to recommendation B, the Commission should assess whether there are any obstacles in Union legislation that prevent authorities responsible for macroprudential policy or other financial stability tasks from having or obtaining the necessary information on branches to carry out their functions. Where such impediments are identified, the Commission is encouraged to propose amendments to Union legislation to remove them.

The assessment presented in this report covers actions undertaken by the Commission during the period from 9 December 2019 (the publication date of Recommendation ESRB/2019/18) to 31 December 2022 (the original deadline for submitting the reporting templates). The deadline for submitting the reporting templates was subsequently put back to 20 June 2025, while the original reference period to be covered by the assessment remained unchanged.

Recommendation C, addressed to the European Banking Authority (EBA), concerns guidelines for monitoring the exchange of information. By 31 December 2023, the EBA was requested to deliver to the ESRB and to the Council a report on the implementation of recommendation C. Recommendation C calls on the EBA to issue guidelines in accordance with recommendation A. The EBA was asked to include in the guidelines a list of information to be exchanged, as a minimum, regarding branches of credit institutions from other Member States, on a need-to-know basis and within the limits of applicable Union and national law. In addition, the EBA was asked to cooperate with the ESRB in regularly monitoring the effectiveness and efficiency of the exchange of information on branches of institutions headquartered in third countries.

The assessment presented in this report covers actions undertaken during the period from 9 December 2019 (the publication date of Recommendation ESRB/2019/18) to 31 December 2023 (the original deadline for the submission of the reporting templates). The deadline for the submission of the reporting templates was subsequently put back to 20 June 2025, while the original reference period to be covered by the assessment remained unchanged.

Recommendations issued by the ESRB are not legally binding but are subject to an “act or explain” regime in accordance with Article 17 of the ESRB

⁵ Recommendation ESRB/2019/18 – Summary Compliance Report (Recommendation A).

Regulation.⁶ This means that the addressees of these recommendations are obliged to communicate to the European Parliament, the Council, the Commission and the ESRB the actions they have taken to comply with those Recommendations or to provide adequate justification for inaction.

This compliance report presents the outcome of the assessment of the final reports pertaining to the implementation of recommendation A addressed to the relevant authorities, recommendation B addressed to the Commission and recommendation C addressed to the EBA.

The input from the addressees was scrutinised by an Assessment Team consisting of five assessors, which was endorsed by the Advisory Technical Committee (ATC) of the ESRB (see Annex I). The Assessment Team was supported by the staff of the ESRB Secretariat (see Annex I for details of its composition). The process followed the methodology set out in the Handbook on the assessment of compliance with ESRB recommendations of April 2016 (“the Handbook”⁷).

In line with that document, the assessment was conducted taking due account of the following: (i) the objectives of the Recommendation; (ii) the principles underpinning the Handbook; (iii) the implementation standards prepared by the Assessment Team, which specify how different actions or inaction for each sub-recommendation should be reflected in the grade based on their importance in fulfilling the requirements of the specific recommendation (see Annex II for details of the implementation standards); and (iv) the principle of proportionality.

Overall, the Assessment Team observed a high level of compliance with all three recommendations included in Recommendation ESRB/2019/18, i.e. recommendation A, recommendation B and recommendation C.

The report is structured as follows. Part I reviews the policy objectives taken into account during the process of drafting the Recommendation. Part II outlines the methodology described in the Handbook, which establishes the procedure for assessing compliance with ESRB recommendations and presents the implementation standards developed by the Assessment Team to assess the addressees’ compliance with Recommendations A, B and C. Part III presents issues encountered during the assessment along with the overall findings of the assessment. The final grades for each addressee are set out in detailed, colour-coded tables. Part IV concludes the assessment of the Recommendation. Annex I lists the members of the Assessment Team, while Annex II contains the implementation standards.

⁶ Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (OJ L 331, 15.12.2010, p. 1).

⁷ ESRB Handbook on the assessment of compliance with ESRB recommendations, ESRB, April 2016.

2 Policy objectives

Recommendation ESRB/2019/18 is divided into three recommendations (A, B and C), with recommendation A addressed to the relevant authorities, recommendation B addressed to the European Commission and recommendation C addressed to the European Banking Authority.

The Recommendation is aimed at harmonising the scope and frequency of the exchange of information on branches available to relevant authorities across Member States. Union law does not provide a harmonised definition of branches relevant for financial stability. To that end, Section 2(1)(c) of Recommendation ESRB/2019/18 defines “branch relevant for financial stability” as any branch fulfilling any of the following criteria:

1. the branch is designated as being significant in accordance with Article 51 of Directive 2013/36/EU;
2. the branch meets the criteria referred to in Article 131(3) of Directive 2013/36/EU for the identification of other systemically important institutions;
3. the branch provides critical functions within the meaning of point 35 of Article 2(1) of Directive 2014/59/EU⁸;
4. the branch has a market share exceeding 2% of any one or more of the categories of exposures set out in points (a) and (b) of Article 133(5) of Directive 2013/36/EU as amended by Directive 2019/878/EU⁹.

Any authority entrusted with the adoption and/or activation of macroprudential policy measures or with other financial stability tasks needs to be able to obtain certain basic information on all branches operating within its jurisdiction whose parent credit institutions have their head office in another Member State or in a third country. Branches of credit institutions having their head office in another Member State or in a third country vary in size and importance. Where these branches are considered relevant for financial stability in the country in which they operate, there is a need to intensify the collaboration between the relevant authorities of the host and home Member States. In such cases, the exchange of selected information on parent institutions and the groups of which these branches form part is necessary to assess the potential amplifying impact that such branches might have during periods of excessive credit growth or in a crisis. The exchange of such selected information on these parent institutions and

⁸ Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190).

⁹ Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, PE/16/2019/REV/1 (OJ L 150, 7.6.2019, p. 253).

groups relates to own funds and leverage (including relevant buffer requirements), funding and liquidity risk, business strategy, and certain aspects of recovery plans.

For these reasons, three recommendations are made.

Recommendation A of Recommendation ESRB/2019/18 recommends that the relevant authorities cooperate and exchange, on a need-to-know basis, information deemed necessary for the discharge of their tasks related to the adoption and/or activation of macroprudential policy measures or for other financial stability tasks, in an effective and efficient manner. In addition, it is recommended that the relevant authorities establish memoranda of understanding or other forms of voluntary arrangements for cooperation and the exchange of information among themselves – or with a relevant authority of a third country – in order to facilitate the exchange of information.

Recommendation B of Recommendation ESRB/2019/18, addressed to the European Commission, is aimed at ensuring the removal of any impediments which might exist in Union legislation, and which might prevent the relevant authorities from having or obtaining necessary information on branches. To that end, the Commission is requested to conduct an assessment of Union legislation to establish whether such impediments exist. Should the Commission conclude that there are any obstacles to the exchange of information on branches, it is recommended that it propose appropriate amendments to Union legislation.

Recommendation C of Recommendation ESRB/2019/18, addressed to the European Banking Authority, is aimed at ensuring a consistent, effective and efficient approach to the exchange of information for the purposes of this Recommendation. To this end, it is recommended that the EBA issue guidelines including a list of information to be exchanged between home and host authorities, as a minimum and on a need-to-know basis, regarding both the parent bank and its branch. In addition, so as to achieve a certain degree of convergence, the EBA is expected to establish a common framework for memoranda of understanding. The EBA is also asked to monitor on a regular basis, and in cooperation with the ESRB, the effectiveness and efficiency of the exchange of information between relevant authorities regarding branches having their head office in another Member State or in a third country.

3

Assessment methodology

Recital (20) and Article 17 of the ESRB Regulation provide the ESRB with the mandate to monitor addressees' compliance with the ESRB recommendations.

To this effect, and pursuant to Article 20 of the ESRB Rules of Procedure¹⁰, the ESRB assesses the actions and justifications undertaken and communicated by the addressees of ESRB recommendations in accordance with the “act or explain” mechanism described in Article 17 of the ESRB Regulation, whereby the addressee of a recommendation can either (i) take action in response to a recommendation, or (ii) adequately justify any inaction. The ESRB thus analyses the information provided by addressees and assesses whether the action taken duly achieves the objectives of the Recommendation, or whether the justification provided for inaction is sufficient. This analysis results in a final compliance grade being assigned to each addressee, reflecting the level of implementation by the relevant addressee.

The assessment was conducted based on the submissions made by the addressees in accordance with the reporting deadlines specified in Section 2 of the Recommendation, which were originally as follows: 31 December 2024 for recommendation A, 31 December 2022 for recommendation B and 31 December 2023 for recommendation C. While the deadlines for the submission of reporting templates for recommendations B and C were later extended to 20 June 2025, this extension did not affect the original reference periods covered by the assessment. The assessment also incorporated additional insights gathered as a result of the ongoing dialogue between the Assessment Team and the addressees throughout the assessment process.

The detailed procedure for the assessment of compliance is set out in the Handbook. The assessment of compliance with the Recommendation was carried out by an Assessment Team of five assessors, including one Chair, endorsed by the ATC (see Annex I of this report). The Assessment Team conducted a four-eyes review, meaning that each addressee's compliance was reviewed by two assessors. In the first stage, each assessor evaluated the compliance of seven addressees. In the second stage, another assessor reviewed these evaluations to check their appropriateness. During the second round of the assessment, particular attention was also paid to ensuring the consistency of the whole assessment. As a general principle, assessors are not directly involved in grading the performance of their respective Member States. In the event of any divergences between the first round and second round assessments, the results were discussed within the Assessment Team to arrive at the final assessment.

To ensure equal treatment of the addressees and the highest degree of transparency and consistency, the Assessment Team conducted its work in

¹⁰ Decision of the European Systemic Risk Board of 20 January 2011 adopting the Rules of Procedure of the European Systemic Risk Board (ESRB/2011/1) (OJ C 58, 24.2.2011, p.4).

accordance with the following six assessment principles mentioned in Section 4 of the ESRB Handbook:

- fairness, consistency and transparency – equal treatment of all addressees throughout the assessment process;
- efficiency and appropriateness of procedures with regard to available resources, while ensuring high-quality deliverables;
- four-eyes review – compliance of each addressee is assessed by at least two assessors who have not been directly involved in assessing the performance of the national authorities they come from;
- effective dialogue – communication with the addressees is essential so as to fill in information gaps on compliance;
- principle of proportionality (if applicable)¹¹ – actions to be taken by the addressees are country-specific and relative to the intensity of risks targeted by the recommendation in the specific Member State;
- the ultimate objective of prevention and mitigation of systemic risks to financial stability in the Union.

In addition, all the addressees were given the opportunity to provide further explanation and information. Thanks to the communication channels established between the Assessment Team and the addressees, most addressees provided further details during the assessment process, especially in the context of the remedial dialogue. As a result, the Assessment Team reviewed the preliminary assessment in the light of the additional information provided by the addressees, which in all cases led to the initial grade being upgraded.

3.1 Assessment criteria and implementation standards

The assessment criteria applied in this evaluation are based on best practices established in previous assessments of compliance with ESRB recommendations. The assessment criteria describe the actions that are required of the addressees in order to achieve the objectives of the recommendations. With this in mind, the Assessment Team took due account of the implementation criteria set out in Section 2(2) of the Recommendation. Grading was then guided by the relevant implementation standards, which specify how different actions or inaction for each sub-recommendation should be reflected in the final grade.

While conducting the assessment, the Assessment Team analysed the content/substance of the actions taken by each addressee to assess whether they had complied with all of the elements of the Recommendation. With

¹¹ This principle was most relevant in the case of the assessment of Recommendation A.

reference to Recommendation A, it should be noted that, as in the interim assessment, the Assessment Team assessed sub-recommendation A(1) from two perspectives: (i) that of a home country authority which could receive a reasoned request for information on branches and (ii) that of a host country authority which could submit a reasoned request for information concerning a branch relevant for financial stability in its jurisdiction.

As noted above, implementation standards specify how different actions or inaction for each sub-recommendation should be reflected in the grade. They act as “benchmark criteria” and help to ensure the consistency of the assessment, which was particularly relevant in the case of Recommendation A, for which 31 addressees were graded. To ensure a consistent, fair, and comparable analysis, the Assessment Team applied the same implementation standards for recommendation A as those developed during the interim assessment of that recommendation. As recommendation B and recommendation C were being assessed for the first time, the Assessment Team also developed implementation standards for each sub-recommendation of these two recommendations (see Annex II). The establishment of these implementation standards was based on the key elements included in the Annex to Recommendation ESRB/2019/18 specifying compliance criteria for the Recommendation.

The Assessment Team agreed on the criteria to be applied in the assessment of each element of the Recommendation and the weights to be allocated to those criteria. To that end, with regard to Recommendation A, the same weights as in the interim assessment were applied, i.e. a weight of two-thirds for sub-recommendation A(1) and one-third for sub-recommendation A(2). This is because greater importance was attached to actively exchanging information on branches necessary for the conduct of macroprudential policy than to establishing MoUs. In addition, if an addressee was assessed as both home and host country authority, those two dimensions within Recommendation A were to be weighted equally. The Assessment Team also decided to attribute weights for the assessment of recommendations B and C. With a view to achieving the objectives of Recommendation ESRB/2019/18, greater importance was attached to removing obstacles in Union legislation that impede the exchange of information on branches between the relevant authorities. Accordingly, for recommendation B, a weight of 40% was allocated to sub-recommendation B(1) and a weight of 60% was allocated to sub-recommendation B(2). Similarly, in the case of recommendation C, greater importance was attached to the issuance of EBA guidelines as a means of ensuring that the aims of the Recommendation are achieved. Accordingly for recommendation C, a weight of 70% was allocated to C(1) and 30% to C(2).

Table 1

Weights assigned to each sub-recommendation

Recommendation	Sub-recommendation	Weight
Recommendation A	Sub-recommendation A(1)	2/3
	Sub-recommendation A(2)	1/3
Recommendation B	Sub-recommendation B(1)	40%
	Sub-recommendation B(2)	60%
Recommendation C	Sub-recommendation C(1)	70%
	Sub-recommendation C(2)	30%

3.2 Grading methodology

To assign a single grade to each addressee regarding its compliance with the relevant sub-recommendation of the Recommendation, the Assessment Team followed a three-step grading methodology, in line with the ESRB Handbook. This methodology is necessary to ensure the full transparency of the single overall compliance grade and a high level of objectivity in the entire assessment process, while still allowing room for a high-quality expert judgement, which can be easily identified and reviewed to understand the rationale behind the allocation of particular overall grades.

The specific feature of Recommendation ESRB/2019/18 is that it contains three different recommendations – A, B and C – each addressed to a different addressee. The grades for each recommendation were not aggregated into an overall compliance grade for the entire Recommendation ESRB/2019/18. To that end, the methodology of the assessment process was adjusted and included only three steps for each of recommendations A, B and C.

Step I – Assessing the compliance grade for each sub-recommendation

Within each recommendation each sub-recommendation was assessed taking into account the following three elements:

- the content of the measure;
- its proportionality;
- the reporting of the measure to the ESRB.

These elements were each graded according to the following grading scale:

Table 2
Grading scale

Grading scale for action	
Fully compliant (FC)	The addressee complies entirely with the recommendation.
Largely compliant (LC)	The requirements of the recommendation have been met almost entirely, and only negligible requirements are still to be implemented.
Partially compliant (PC)	The most important requirements have been met; certain deficiencies affect the adequacy of the implementation, although this does not result in a situation where the given recommendation has not been acted upon.
Materially non-compliant (MN)	Requirements have been fulfilled to a limited degree only, resulting in a significant deficiency in the implementation.
Non-compliant (NC)	Almost none of the requirements have been met, even if steps have been taken towards implementation.
Grading scale for inaction	
Sufficiently explained (SE)	The addressee has provided a detailed and adequate justification of any inaction or departure from this recommendation, including any delays.
Insufficiently explained (IE)	The explanation given for the lack of implementation is not sufficient to justify the inaction.

Step II – Calculating the grades for each specific recommendation

Each compliance grade was converted into a numerical grade in order to be weighted and aggregated into a single compliance grade for each specific recommendation as set out in the following table (note that grades “IE” and “NC” are equal in terms of numerical value, as are “SE” and “FC”):

Table 3
Conversion of compliance grades into numerical grades

Compliance grade	Numerical grade
Action	
FC	1
LC	0.75
PC	0.50
MN	0.25
NC	0
Inaction	
SE	1
IE	0

Step III – Converting the overall numerical grade into an overall level of compliance

The compliance grade was ultimately determined by converting the single weighted numerical grade for each re)commendation into a final grade for compliance using a conversion table (Table 4¹².

Table 4

Conversion of numerical grades into compliance grades

Compliance grade	Numerical grade
FC	0.90 – 1.00
LC	0.65 – 0.89
PC	0.40 – 0.64
MN	0.15 – 0.39
NC	0.00 – 0.14
SE	0.65 – 1.00
IE	0.00 – 0.64

The level of compliance was then presented in colour-coded form (Table 5).

Table 5

Colour codes for levels of compliance

Positive grades	Mid-grade	Negative grades
FC – Actions taken implement the recommendation in full		MN – Actions taken implement only a small part of the recommendation
LC – Actions taken implement almost all of the recommendation	PC – Actions taken implement only part of the recommendation	NC – Actions taken are not in line with the nature of the recommendation
SE – No actions were taken, but the addressee provided sufficient justification		IE – No actions were taken, and addressee did not provide sufficient justification

The compliance grade attributed to each addressee is justified and explained. It should also be noted that the final grades take into account all information provided by the addressee during the entire assessment process. In several cases, the initial grades assigned were lower than “partially compliant”, which meant that the remedial dialogue procedure had to be launched. In these cases, a remedial dialogue was initiated by the Assessment Team, in line with Section 4.1.4. of the Handbook, so as to give the addressees who had at least one sub-recommendation graded as “partially compliant”, “materially non-compliant”, “non-compliant”, or “inaction insufficiently explained” the opportunity to provide further explanation and information which might influence their grading. All of the addressees in question reacted to the remedial dialogue by providing additional information. This was taken into account by the Assessment Team when assigning the final grades to the addressees. In all cases, the additional explanations obtained from the addressees resulted in an upgrade.

¹² The overall compliance grade of “SE” was assigned only if each sub-recommendation was assigned “SE”.

4 Assessment

4.1 Issues encountered during the assessment

The Assessment Team encountered several challenges, which arose at different stages of the assessment process and impeded its efficiency and effectiveness. At the very beginning, as soon as the Assessment Team had been established, it turned out that six addressees of Recommendation A as well as the addressees of Recommendation B and C had not so far submitted their reporting templates. The Assessment Team therefore had to contact those authorities and ask them to provide their responses. Another problem was related to the quality of the reporting templates submitted. In some cases, the templates were incomplete, and critical information necessary for conducting a thorough evaluation was often missing. This lack of detail required additional follow-up communication with the addressees to clarify the information provided or obtain missing information. This led to substantial delays and meant that the overall assessment took longer.

During the assessment process, the Assessment Team found several inconsistencies between the reports of relevant home and host authorities relating to sub-recommendation A(1). These inconsistencies appeared in cases where the home authority reported that it had provided information to the host authority, but the respective host authority did not report the exchange of information. This meant that the host authority in question had to be contacted so as to clear up the inconsistency. In most of these cases¹³, the host authority confirmed that the exchange of information reported by the home authority had taken place, but that it had been for microprudential purposes, i.e. for reasons relating to the ongoing supervisory tasks. Based on these additional explanations provided by the host authorities in question, the Assessment Team decided that several cases of reported exchanges of information did not fall within the scope of Recommendation ESRB/2019/18 as they did not relate to macroprudential policy tasks. These discrepancies indicated a lack of clarity or understanding among some authorities regarding the purpose and scope of the information being exchanged. Such misunderstandings not only create inefficiencies but also risk undermining the credibility and reliability of the reporting process.

The Assessment Team also observed inconsistencies in reporting related to sub-recommendation A(2), as not all relevant authorities mentioned in their reporting templates whether a multilateral memorandum of understanding (MoU) had been established during the assessment period. During the assessment it was found that there were three different groups of countries which had concluded different kinds of MoUs with the aim of facilitating cooperation and the exchange of information on branches:

¹³ The Assessment Team did not have a mandate to contact the UK authorities, which were not addressees of the ESRB Recommendation.

1. a group of authorities from 15 participating Member States (AT, BE, CY, DE, GR, ES, FR, HR, IE, IT, LU, MT, NL and PT) which, together with the ECB, had signed an MoU for the performance of their supervisory tasks in relation to supervision of third-country groups and third-country branches;
2. a group of authorities from 6 non-participating Member States (CZ, DK, HU, PL, RO and SE) which had signed an MoU with the ECB for the performance of the supervisory tasks;
3. a group of authorities from 8 countries of the Nordic-Baltic region (DK, EE, FI, IS, LT, LV, NO and SE) which had established Nordic-Baltic MoUs and platforms for cooperation.

In order to ensure a consistent and fair assessment, the Assessment Team took these MoUs into account even if the addressees did not mention them in their reporting templates. Nevertheless, it should be noted that the Assessment Team was not able to assess the relevance of these MoUs for the exchange of information under sub-recommendation A(2) owing to a lack of concrete evidence as to whether the MoUs were actually used for the exchange of macroprudential information on branches.

With regard to recommendations B and C, challenges were mostly related to obtaining additional explanations on the actions taken by the addressees in question with regard to Recommendation ESRB/2019/18. This additional correspondence lengthened the whole assessment process.

4.2 Overall results of the assessment

The Assessment Team assessed the compliance of 33 addressees of Recommendation ESRB/2019/18 on exchange and collection of information for macroprudential purposes on branches of credit institutions having their head office in another Member State or in a third country. These were made up of the 31 addressees of recommendation A, plus the European Commission as the addressee of recommendation B and the European Banking Authority as the addressee of recommendation C.

A high level of compliance with Recommendation ESRB/2019/18 was observed across each of recommendations A, B and C.

With regard to recommendation A, the results of the assessment show that all addressees are in compliance with the ESRB Recommendation, with 28 addressees being “fully compliant” (FC) and the remaining three addressees being assigned the grade “inaction sufficiently explained” (SE).

With regard to the assessment of sub-recommendation A(1) concerning the exchange of information on branches between relevant home and host authorities, only four addressees were found to be “fully compliant” (FC), while 27 addressees were assigned the grade “inaction sufficiently explained”

(SE). This means that those 27 addressees neither submitted nor received a reasoned request for information on branches. In fact, there were only two instances of an exchange of information on branches between home and host authorities (involving four addressees) exclusively for macroprudential purposes. The first of these was a one-off exchange of information related to the reciprocity of a macroprudential measures adopted in one Member State. In the second case, the exchange of information was conducted regularly (on an annual basis) and concerned one branch which was found to be important for the financial stability host country. This second case was also reported during the interim assessment, which means that cooperation and the exchange of information between the authorities involved is well established and of a long-term nature.

Table 6

Colour-coded table with the results of the assessment of Recommendation A

Addressee	A(1)		A(2)	Overall A
	Home perspective	Host perspective		
AT	FC	SE	FC	FC
BE	FC	FC	FC	FC
BG	SE	SE	SE	SE
CY	SE	SE	FC	FC
CZ	SE	SE	FC	FC
DE	SE	SE	FC	FC
DK	SE	SE	FC	FC
EE	SE	SE	FC	FC
ES	SE	SE	FC	FC
FI	SE	SE	FC	FC
FR	FC	SE	FC	FC
GR	SE	SE	FC	FC
HR	SE	SE	FC	FC
HU	SE	SE	FC	FC
IE	SE	SE	FC	FC
IS	SE	SE	FC	FC

Addressee	A(1)		A(2)	Overall A
	Home perspective	Host perspective		
IT	SE SE	SE	FC	FC
LI	SE SE	SE	SE	SE
LT	SE SE	SE	FC	FC
LU	SE SE	SE	FC	FC
LV	SE SE	SE	FC	FC
MT	SE SE	SE	FC	FC
NL	SE SE	SE	FC	FC
NO	SE SE	SE	FC	FC
PL	SE SE	SE	FC	FC
PT	SE SE	SE	FC	FC
RO	SE SE	SE	FC	FC
SE	SE SE	SE	FC	FC
SI	FC SE	FC	SE	FC
SK	SE SE	SE	SE	SE
ECB	SE SE	SE	FC	FC

The small number of exchanges of information can be explained as follows: either (i) the relevant host authority, which initiates such contact, declared that the exchange of information had not been necessary as it had all the information it needed to carry out its macroprudential functions; or (ii) the host authority had not identified branches relevant for financial stability, and therefore decided not to submit a reasoned request, in accordance with the principle of proportionality. Almost all addressees stated that the exchange of information conducted within the existing supervisory framework (in particular within supervisory colleges) was also sufficient for the performance of their macroprudential tasks. This was especially the case in Member States where the macroprudential authority forms part of the same institution as the supervisory authority, which enables a smooth flow of information. Another interesting finding from the assessment is that only half of the addressees of recommendation A reported that they had identified one or more branches relevant

for financial stability. The branches in question mostly operate in the Nordic-Baltic region, as well as in Member States of eastern and southern Europe.

As for sub-recommendation A(2), which recommends that relevant authorities enter into memoranda of understanding (MoUs), 27 addressees were assessed as “fully compliant” (FC) while the remaining four addressees were assigned the grade “inaction sufficiently explained” (SE). The grade “fully compliant” (FC) was assigned to relevant authorities which entered into MoUs as requested under sub-recommendation A(2), although these MoUs are not specifically devoted to macroprudential issues, they facilitate exchange of information and cooperation between relevant authorities on prudential issues, including on branches, also from third countries. Where the relevant authority declared that it had powers to freely exchange the necessary information without such voluntary cooperation arrangements, the grade “inaction sufficiently explained” (SE) was assigned.

With regard to recommendation B, the European Commission was assessed as “fully compliant” (FC). It should be noted that it was assigned the highest grade for both sub-recommendations B(1) and B(2), which reflects the work it has done to improve Union legislation relating to the exchange of information on branches, including third-country branches. The European Commission not only conducted the assessment of the Union legal framework as requested under sub-recommendation B(1), but also initiated several legislative processes aimed at improving the EU regulations. From the perspective of Recommendation ESRB/2019/18, the most relevant amendments concern Directive 2013/36/EU (CRD), in particular Article 51 on significant branches, and Articles 114 to 118 on information exchange and supervisory cooperation. Moreover, the newly introduced Article 48j provides for the assessment of systemic importance and prudential requirements for third-country branches, and mandates the EBA to draft Regulatory Technical Standards on the functioning of colleges of third-country branches. In addition, recently adopted delegated and implementing acts on supervisory colleges further codify the exchange of information among all authorities involved, including those responsible for macroprudential policy and financial stability.

Table 7

Colour-coded table with the results of the assessment of Recommendation B

(Sub-) Recommendation	B(1)	B(2)	Overall B
Grade	FC	FC	FC

With regard to recommendation C, the EBA was considered “fully compliant” (FC), even though no Guidelines were issued. The EBA was assigned the grade “inaction sufficiently explained” (SE) for sub-recommendation C(1) and the grade “largely compliant” (LC) for sub-recommendation C(2). The positive assessment resulted from a comprehensive justification of the reasons behind the decision not to issue the guidelines. The EBA explained that in its opinion there were no compelling reasons for issuing the Guidelines required by the ESRB Recommendation at the current juncture owing to the following: (i) the low number of exchanges of

information within the scope of the Recommendation; (ii) the fact that no specific impediments to such an exchange of information had been identified or notified; and (iii) the fact that the exchange of information on branches between relevant authorities had been conducted smoothly under the existing legal framework. In addition, recent legal amendments to the CRD framework have further facilitated the exchange of information for the purposes of the Recommendation. The EBA also demonstrated that it was adequately monitoring the exchange of information under the Recommendation. The Assessment Team shares the reasoning put forward by the EBA. In particular, it agrees that refraining from issuing guidelines may be considered to be in the spirit of simplification, as the issuance of overlapping or redundant regulations should be avoided. From a policy perspective, and in line with the proportionality principle, it seems that there is currently no need for EBA Guidelines on this matter. Nevertheless, the EBA should continue monitoring the effectiveness and efficiency of the exchange of information between relevant authorities on branches of credit institutions having their head office in another Member State or in a third country and cooperate with the ESRB on this matter if any issues are identified.

Table 8

Colour-coded table with the results of the assessment of Recommendation C

(Sub-) Recommendation	C(1)	C(2)	Overall C
Grade	SE	LC	FC

5

Conclusions

The Recommendation of the European Systemic Risk Board on exchange and collection of information for macroprudential purposes on branches of credit institutions having their head office in another Member State or in a third country (ESRB/2019/18) is aimed at ensuring that relevant authorities have access to the information necessary for fulfilling their macroprudential and financial stability tasks. It should be recalled that the publication of Recommendation ESRB/2019/18 was related to the ongoing financial integration within the EU and, in particular, the observed expansion of banking activities via branches (“branchification”). Taking into account the diverse institutional arrangements for conducting macroprudential policy in the Member States as well as the legal framework at that time, the ESRB acted in order to ensure that relevant authorities had the powers to require and obtain in a timely manner all necessary data and information on branches operating in their jurisdictions, so that they could (i) identify branches which are relevant for their financial stability, and (ii) monitor, on a regular basis, risks related to those branches.

The first, interim assessment, conducted in 2021, revealed only a small number of actual exchanges of information between relevant authorities. This was mainly due to the short period of time between the publication of the ESRB Recommendation and the assessment, as well as to the lack of the EBA Guidelines, for which a deadline of December 2023 had been set. This second assessment also showed a low number of cases where relevant authorities had exchanged information on branches purely for macroprudential purposes. However, this time the low number was justified by the fact that in most cases relevant authorities declared that they possessed or had access to all necessary information on branches and had therefore refrained from submitting a reasoned request, in accordance with the need-to-know and proportionality principles. Furthermore, the assessment confirmed that the existing regulatory and legal framework, in particular for cooperation within supervisory colleges, provides the relevant authorities with sufficient data and information on branches operating in their jurisdiction. Additionally, the recent amendments to the CRD, as well as the establishment of different memoranda of understanding between the relevant authorities have also facilitated and improved the flow of information on branches between the relevant authorities, even in the absence of EBA Guidelines.

The overall results of this second and final assessment show a high level of compliance with the ESRB Recommendation across all addressees, i.e. the relevant national authorities, the ECB, the Commission and the EBA. At the current stage, it seems sufficient to continue monitoring the effectiveness and efficiency of the exchange of information on branches between relevant authorities. Should any problematic issues be identified, the EBA should conduct a specific assessment of the cause and, based on the conclusions, reconsider if issuing Guidelines would address the problem.

Annex I

Composition of the Assessment Team

Chair	Institution
Anna Dobrzańska	Narodowy Bank Polski
Assessment Team	
Evaggelia Kardara	Bank of Greece
Lisa Reiakvam	Norges Bank
Lucija Busulero	Hrvatska narodna banka
Joana Saldanha Santos	Banco de Portugal
Secretariat	
Joana Baptista	ESRB Secretariat
Amélie Goasdoué	ESRB Secretariat
Albert Guarner Piquet	ESRB Secretariat

Annex II

Recommendation ESRB/2019/18 and implementation standards

Recommendation A – Cooperation and exchange of information on a need-to-know basis

It is recommended that the relevant authorities:

1. exchange information deemed necessary for the discharge of their tasks related to the adoption and/or activation of macroprudential policy measures or for other financial stability tasks, in an effective and efficient manner, as regards branches in a host Member State of credit institutions having their head office in another Member State or in a third country. The exchange of information should take place upon receipt of a reasoned request for information on such branches – taking into account guidelines issued by the EBA in accordance with sub-recommendation C(1) – submitted by a relevant authority of the host Member State entrusted with the adoption and/or activation of macroprudential policy measures or with other financial stability tasks. The information to be exchanged should be proportionate to the relevance of the branches to financial stability in the host Member State;
2. establish memoranda of understanding or other forms of voluntary arrangements for cooperation and exchange of information among themselves – or with a relevant authority of a third country – regarding branches in the host Member State of credit institutions having their head office in another Member State or in a third country, where considered necessary and appropriate by all parties involved to facilitate the exchange of information.

Table 9
Implementation standards for recommendation A

		A(1). For assessment of home countries	A(1). For assessment of host countries	A(2). For assessment of home and host countries
Positive grades	Fully compliant (FC)	Relevant home authority, following a reasoned request from a host authority, has provided requested information in line with all of the guiding principles defined in point 4 of the Annex.	Relevant host authority has submitted a reasoned request, taking into account all of the guiding principles defined in point 4 of the Annex.	Relevant authority (i) provided evidence that it has concluded MoUs or other forms of voluntary arrangements that establish a general principle of mutual exchange of information in line with the principles on cooperation between relevant authorities and the standards for exchange of information upon request that are set out in sub-recommendation A(1).
	Largely compliant (LC)	Relevant home authority, following a reasoned request from a host authority, has provided requested information in line with most of the guiding principles defined in point 4 of the Annex.	Relevant host authority has submitted a reasoned request, taking into account most of the guiding principles defined in point 4 of the Annex.	Relevant authorities are working on establishing MoUs or other forms of voluntary arrangements, but the process is still ongoing.

		A(1). For assessment of home countries	A(1). For assessment of host countries	A(2). For assessment of home and host countries
	Sufficiently explained (SE)	Relevant home authority (i) has received a reasoned request from a host authority but has not provided requested information as it lacks a mandate to exchange information; or (ii) has not received a reasoned request from a host authority.	Relevant host authority has not submitted a reasoned request but (i) has provided evidence that there are no branches relevant for financial stability in its jurisdiction, or (ii) has declared that it has all the necessary information for carrying out its tasks (therefore no request for data necessary).	Relevant authority has not established MoUs or other forms of voluntary arrangements but (i) has provided evidence that there are no branches relevant for financial stability in its jurisdiction, or (ii) has stated that it already has access to all the information necessary for carrying out its tasks as there are no legal impediments to the sharing of information between the relevant authorities (which means it has powers to freely exchange the information within the existing legal framework), or (iii) has stated that no reasoned request for information was made or received.
Mid-grade	Partially compliant (PC)	Relevant home authority, following a reasoned request from a host authority, has provided requested information in line with some of the guiding principles defined in point 4 of the Annex.	Relevant host authority has submitted a reasoned request, taking into account some of the guiding principles defined in point 4 of the Annex.	Not applicable.
Negative grades	Materially non-compliant (MN)	Relevant home authority, following a reasoned request from a host authority, has provided some requested information in line with some of the guiding principles defined in point 4 of the Annex.	Not applicable.	Not applicable.
	Non-compliant (NC)	Relevant home authority has received a reasoned request from host authority but failed to provide requested information.	Relevant host authority has not submitted a reasoned request even though there are branches relevant for financial stability and has not stated that it has all the necessary information for carrying out its tasks.	Relevant authorities have refused to conclude MoUs or other forms of voluntary arrangements at the request of another relevant authority, even though these were considered necessary and appropriate.
	Inaction Insufficiently explained (IE)	Relevant home authority has not provided any answer to the ESRB reporting template.	Relevant host authority has not provided (i) any answer to the ESRB reporting template, or (ii) evidence that there are no branches relevant for financial stability in its jurisdiction.	Relevant authority (i) has not provided any answer to the ESRB reporting template or (ii) has stated that it has not concluded any MoUs or other forms of voluntary arrangements but has failed to provide the justification mentioned in point (i), (ii) or (iii) for the SE grade.

Recommendation B – Changes to the Union legal framework

It is recommended that the European Commission:

1. assess whether any impediments exist in Union legislation which prevent authorities entrusted with the adoption and/or activation of macroprudential policy measures or with other financial stability tasks from having or obtaining the necessary information on branches to carry out those functions or fulfil those tasks;
2. propose that Union legislation be amended to remove any such impediments, where the European Commission concludes, as a result of its assessment, that such impediments exist.

Table 10
Implementation standards for recommendation B

		B.1.	B(2).
Positive grades	Fully compliant (FC)	The European Commission has assessed whether changes to Union legislation are necessary to ensure that authorities entrusted with the adoption and/or activation of macroprudential policy measures or with other financial stability tasks have the necessary information to fulfil their tasks. The assessment covered all five aspects listed in the Annex.	Based on the assessment, the European Commission proposed to amend Union legislation to remove all identified impediments which prevent authorities entrusted with the adoption and/or activation of macroprudential policy measures or with other financial stability tasks from having or obtaining the necessary information on branches to carry out their functions or fulfil their tasks.
	Largely compliant (LC)	The European Commission has assessed whether changes to Union legislation are necessary to ensure that authorities entrusted with the adoption and/or activation of macroprudential policy measures or with other financial stability tasks have the necessary information to fulfil their tasks. The assessment covered only four of the aspects listed in the Annex.	Based on the assessment, the European Commission proposed to amend Union legislation to remove most of the identified impediments which prevent authorities entrusted with the adoption and/or activation of macroprudential policy measures or with other financial stability tasks from having or obtaining the necessary information on branches to carry out their functions or fulfil their tasks.
	Sufficiently explained (SE)	The European Commission has not assessed whether changes to Union legislation are necessary but has provided adequate justification.	The European Commission has not proposed to amend Union legislation owing to the fact that no impediments to the exchange of information for macroprudential purposes on branches have been identified.
Mid-grade	Partially compliant (PC)	The European Commission has only partially assessed whether changes to Union legislation are necessary to ensure that authorities entrusted with the adoption and/or activation of macroprudential policy measures or with other financial stability tasks have the necessary information to fulfil their tasks. The assessment covered only four of the aspects listed in the Annex.	Based on the assessment, the European Commission proposed to amend Union legislation to remove only some identified impediments that prevent authorities entrusted with the adoption and/or activation of macroprudential policy measures or with other financial stability tasks from having or obtaining the necessary information on branches to carry out their functions or fulfil their tasks.
Negative grades	Materially non-compliant (MN)	The European Commission has assessed whether selected changes to Union legislation are necessary to ensure that authorities entrusted with the adoption and/or activation of macroprudential policy measures or with other financial stability tasks have the necessary information to fulfil their tasks. The assessment covered less than three of the aspects listed in Annex.	Not applicable.
	Non-compliant (NC)	The European Commission has not assessed whether changes to Union legislation are necessary to ensure that authorities entrusted with the adoption and/or activation of macroprudential policy measures or with other financial stability tasks have the necessary information to fulfil their tasks.	Based on the assessment, the European Commission did not propose to amend Union legislation to remove identified impediments which prevent authorities entrusted with the adoption and/or activation of macroprudential policy measures or with other financial stability tasks from having or obtaining the necessary information on branches to carry out their functions or fulfil their tasks.
	Inaction Insufficiently explained (IE)	The European Commission has not provided a reporting template to the ESRB.	The European Commission has not provided a reporting template to the ESRB.

Recommendation C – Issuing Guidelines for the exchange of information and monitoring its effectiveness and efficiency

It is recommended that the European Banking Authority:

1. issue guidelines in accordance with recommendation A for the exchange of information between relevant authorities regarding branches of credit institutions having their head office in another Member State, which should

include a list of information to be exchanged, as a minimum, on a need-to-know basis, and within the limits of applicable Union and national laws. The list should include, as a minimum, information items from each of the following categories at the branch level:

- (a) assets and exposures, with breakdowns;
- (b) breakdowns of assets regarding borrower-based measures;
- (c) liabilities, with breakdowns;
- (d) intra-financial sector exposures;
- (e) information necessary to identify other systemically important institutions (O-SIIs);

at the parent group/parent institution level:

- (f) own funds and leverage;
- (g) funding and liquidity;
- (h) relevant information on branches, such as business strategy and certain elements of recovery plans of credit institutions and supervisory assessments that are relevant;

2. monitor on a regular basis, in cooperation with the ESRB, the effectiveness and efficiency of the exchange of information between relevant authorities regarding branches of credit institutions having their head office in another Member State or in a third country.

Table 11
Implementation standards for recommendation C

		C.1.	C.2.
Positive grades	Fully compliant (FC)	The EBA has issued guidelines which include all of the following: (1) minimum set of information to be exchanged as set out in sub-recommendation C(1), (2) reporting formats, (3) additional principles for effective information exchange, and (4) a template MoU.	The EBA, in cooperation with the ESRB, has monitored on a regular basis the efficiency and effectiveness of the exchange of information between relevant authorities. The EBA has submitted to the ESRB, at least annually, a report on the effectiveness of the exchange of information between relevant authorities, including the number of requests for information and response times, and information on MoUs concluded.
	Largely compliant (LC)	The EBA has issued guidelines which include only three of the following: (1) minimum set of information to be exchanged as set out in sub-recommendation C(1), (2) reporting formats, (3) additional principles for effective information exchange, and (4) a template MoU.	The EBA, in cooperation with the ESRB, has monitored on an ad hoc basis the efficiency and effectiveness of the exchange of information between relevant authorities. The EBA has submitted to the ESRB one report on the effectiveness of the exchange of information between relevant authorities, including the number of requests for information and response times, and on MoUs concluded.
	Sufficiently explained (SE)	The EBA has not issued guidelines but has presented adequate justification.	The EBA has neither monitored the efficiency and effectiveness of the exchange of information nor submitted to the ESRB a report on the effectiveness of the exchange of information between relevant authorities but has provided adequate justification for this inaction.

		C.1.	C.2.
Mid-grade	Partially compliant (PC)	The EBA has issued guidelines which include only two of the following: (1) minimum set of information to be exchanged set out in sub-recommendation C(1), (2) reporting formats, (3) additional principles for effective information exchange, and (4) a template MoU.	The EBA, in cooperation with the ESRB, has monitored on an ad hoc basis the efficiency and effectiveness of the exchange of information between relevant authorities. The EBA has submitted to the ESRB only one report on the effectiveness of the exchange of information between relevant authorities, but it does not cover all the aspects required by the ESRB Recommendation, i.e. it is missing either the number of requests for information, or response times, or information on MoUs concluded.
Negative grades	Materially non-compliant (MN)	The EBA has issued guidelines which include only a minimum set of information to be exchanged as set out in sub-recommendation C(1).	The EBA, in cooperation with the ESRB, has monitored on an ad hoc basis the effectiveness and efficiency of the exchange of information between relevant authorities. However, the EBA has not submitted a report on the effectiveness of the exchange of information between relevant authorities.
	Non-compliant (NC)	The EBA has not issued guidelines and has not provided any reasons for this inaction.	The EBA has neither monitored the efficiency and effectiveness of the exchange of information between relevant authorities, nor submitted to the ESRB a report on the effectiveness of the exchange of information between relevant authorities.
	Inaction Insufficiently explained (IE)	The EBA has not provided a reporting template to the ESRB.	The EBA has not provided a reporting template to the ESRB.

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For specific terminology please refer to the [ESRB glossary](#) (available in English only).

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